

Message Text

CONFIDENTIAL

PAGE 01 STATE 186520
ORIGIN NEA-10

INFO OCT-01 ISO-00 PM-05 L-03 AID-05 IGA-02 MC-02
CIAE-00 INR-07 NSAE-00 SS-15 EB-08 OMB-01 INRE-00
SSO-00 /059 R

DRAFTED BY TREAS:CCCROSSWHITE/NEA/ARN:DEREUTHER;DWL
APPROVED BY NEA/ARN:MDRAPER
L/PM: SORLINS
PM/SAS:JNOTARGIAMCO
DOD/DSAA:GEN. FISH
NEA/ARP:BBODINE
TREAS:RHCOOK

-----039343 082218Z /75

O P 082050Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA IMMEDIATE
INFO AMEMBASSY AMMAN PRIORITY
SECDEF PRIORITY
TREASURY PRIORITY

C O N F I D E N T I A L STATE 186520

E.O. 11652: GDS

TAGS: MASS, JO, SA, US

SUBJECT: FY77 JORDANIAN FMS CREDITS
REF: STATE 172365

1. PLEASE DELIVER FOLLOWING MESSAGE FROM MR. ROLAND COOK
SECRETARY, FEDERAL FINANCING BANK, TO ABDUL AZIZ
AL-QURAISHI, GOVERNOR, SAUDI ARABIAN MONETARY
AGENCY OR APPROPRIATE SAMA OFFICIAL.

2. BEGIN MESSAGE: THANK YOU FOR YOUR TELEX OF JULY 26.
THE FOLLOWING IS THE INFORMATION YOU REQUEST WITH REGARD TO
PAYMENTS ON THE LOAN AGREEMENT BETWEEN THE GOVERNMENT OF
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CONFIDENTIAL

PAGE 02 STATE 186520

THE HASHEMITE KINGDOM OF JORDAN(GOJ) AND THE FEDERAL
FINANCING BANK (FFB), DATED JULY 26, 1975, IN THE AGGREGATE
AMOUNT OF 30 MILLION DOLS.

A. IN ACCORDANCE WITH THE TERMS OF THE PROMISSORY NOTE FOR
THIS LOAN, THE PAYMENT OF 2,292,822.49 DOLS WAS DUE
ON JUNE 30, 1977. THIS PAYMENT INCLUDED THE FIRST

PRINCIPAL PAYMENT OF 1,764,700 DOLS AND INTEREST ON
PRINCIPAL OUTSTANDING DURING JANUARY 1 - JUNE 30, 1977 IN
THE AMOUNT OF 528,122.49 DOLS.

B. THE PRINCIPAL PAYMENT SCHEDULE FOR THIS LOAN CALLS
FOR A PAYMENT OF \$1,764,700 ON EACH JUNE 30 AND DECEMBER
31 FROM JUNE 30, 1977 THROUGH DECEMBER 31, 1984, FOLLOWED
BY A FINAL PAYMENT OF \$1,764,800 ON JUNE 30, 1985.

C. THE PROMISSORY NOTE CALLS FOR INTEREST ON THE PRINCIPAL
OUTSTANDING TO BE PAID ON EACH JUNE 30 AND DECEMBER
31. AS OF JUNE 24, 1977, THERE WAS \$26,696,941.80 OUT-
STANDING. THE GOJ HAS ASKED THAT THE COMMITMENT PERIOD
FOR DRAWDOWNS ON THE LOAN BE EXTENDED FROM JUNE 24, 1977
TO DECEMBER 30, 1977, IN ORDER THAT THEY MAY USE THE
\$3,303,058.20 BALANCE. WE EXPECT TO EXTEND THE COMMITMENT
AS REQUESTED. -

3. THE GOJ MADE THE INTEREST PAYMENT BY JUNE 30; HOWEVER,
THE PRINCIPAL HAD NOT BEEN PAID BY JULY 10, AND IT WAS
NECESSARY TO FORWARD A LETTER TO YOUR EMBASSY IN WASHING-
TON REQUESTING THE PRINCIPAL PAYMENT FROM THE SAUDI
ARABIAN GOVERNMENT UNDER THE TERMS OF THE GUARANTY. I
ALSO THANK YOU FOR THE JUNE 30 PRINCIPAL PAYMENT WHICH WAS
RECEIVED ON AUGUST 1 IN RESPONSE TO THIS REQUEST.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 186520

4. IN THIS CONNECTION, ON JULY 22, THE GOJ BECAME CON-
CERNED THAT THE POSSIBILITY OF BEING THE FIRST FMS DEFAULT
WOULD CAUSE AN EMBARRASSING SITUATION TO DEVELOP WHICH
COULD REFLECT ON THE GOJ AND, POSSIBLY, ITS GUARANTORS.
IN ORDER TO PREVENT SUCH A SITUATION, THE GOJ AUTHORIZED
THE U.S. DEPARTMENT OF DEFENSE, AS A TEMPORARY MEASURE, TO
TRANSFER FUNDS FROM DOD PROJECTS TO THE FFB TO COVER THE
PRINCIPAL PAYMENT UNTIL FUNDS COULD BE RECEIVED FROM THE
SAUDI ARABIAN GOVERNMENT.

5. WE ARE ADVISED BY DOD THAT THE SAUDI ARABIAN GOVERN-
MENT INTENDED TO MAKE THE PRINCIPAL PAYMENTS ON THIS LOAN.
ACCORDINGLY, WE ARE RETURNING TO DOD THE PAYMENT RECEIVED
ON JULY 22 FROM THE JORDANIAN GOVERNMENT AND ARE RETAINING
THE PAYMENT YOUR GOVERNMENT MADE ON AUGUST 1 UNLESS WE
ARE OTHERWISE DIRECTED BY YOU.

WITH BEST REGARDS,

ROLAND H. COOK

SECRETARY

FEDERAL FINANCING BANK

END MESSAGE.

6. FYI: FOR LEGAL REASONS FFB REQUIRES A POSITIVE STATEMENT (ORAL OR WRITTEN) TO REPORTING OFFICER FROM SAMA THAT SAMA UNDERSTANDS AND ACCEPTS THE ABOVE TRANSFER OF FUNDS. PLEASE REPORT THIS POSITIVE STATEMENT SOONEST. END FYI.
CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptioning: X
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Concepts: MILITARY SALES, DEBT REPAYMENTS, LOAN AGREEMENTS, PUBLIC CORRESPONDENCE
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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